



Leveraging towards the next level of sustainability
Leading Boa Energia's path of becoming a B Corp

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Abstract

One of the substantial changes within the past thirty years is the enormous growth of the number of conscious consumers, social responsible investments and triple bottom line businesses (TBL), believing that business should strive to do no harm. Certified B Corps accelerate this trend by creating, using and promoting new legal structures that seek to create value for all stakeholders.

The Portuguese renewable energy company Boa Energia wants to join this globally extended B Corp network. Hence, the objective of this internship is to lead Boa Energia through the path of becoming a B Corp and suggest best practices that help the company to have more sustainable impact in the future.

Keywords: B Corp Certification, B Impact Assessment (BIA), Best Practices, Sustainability

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1. Introduction

“If you want to go fast, go alone. If you want to go further, go together.” - African Proverb (Cumberland, 2015)

This African proverb fits to the change of being in the midst of the evolution of capitalism from a century focused on maximizing short-term shareholder value to one focused on maximizing long-term shared value. Millennials¹ comprise 50 percent of the world's workforce and they want to have a job that gives them an opportunity to create meaning, not just money. Those millennials, also including customers, and soon, investors, will look for companies that highly value terms such as *green, socially responsible, or sustainable*. Sustainability can be defined as a combination of environmental, social and governance issues. According to McKinsey, today's companies see it as essential to integrate sustainability principles into their businesses. Pursuing goals go far beyond the earlier concern for reputation management, and for instance actions like saving energy, developing green products and retaining and motivating employees are increasingly considered as very important. Sustainability programs contribute positively to companies' short- and long-term value and therefore most see it as very important to integrate sustainability into strategic initiatives (McKinsey, 2011).

Due to this increased valuation of sustainability, the so-called *B Corp Movement* is growing rapidly and globally. This movement is led by the global non-profit *B Lab*, which started in 2007 to certify companies on their social and environmental performance, accountability and transparency. By today, more than 2000 Certified B Corporations from more than sixty industries and thirty countries represent a growing global community working together

¹ Millennials = 2 billion people born between the early 1980s and 2000

toward one unifying goal: to redefine success in business making companies not to be just the best *in* the world but also the best *for* the world (Honeyman, 2014).

In Portugal, an increasing number of companies² seek to receive the B Corp Certificate. One of them is the renewable energy company *Boa Energia (BE)* which plays the main role in this work project. Hence, the objective of this thesis is to lead BE through the whole certification process in the course of an internship, following three clear motivations. First, it seeks to make BE receive the B Corp Certification within a short timeframe and to develop best practices for leveraging the company to the next level of sustainability by increasing the impact on its various stakeholders. Second, the personal motivation is to have the great responsibility of leading a process where a close collaboration with the CEO and managers is required and to get to know how the whole organization works as well as to actively contribute to a continuous improvement of the company. Finally, the third motivation is to thoroughly investigate the scientific field of sustainability and to discover more about the importance of this term.

Bearing in mind the three motivations, this thesis will start by providing an overview of the B Corp Movement and describing the internship's approach of leading BE through the B Corp process. Subsequently, it will proceed with using the B Impact Assessment (BIA) as a framework to reinforce BE's values by giving recommendations of best practices in the sections where BE has lower impact. Then, it will continue with giving recommendations of best practices, but this time through an external investigation by benchmarking other B Corp companies that have similar characteristics as BE. Finally, it will conclude with what has been perceived within the internship's process of leading BE in the path of becoming a B Corp.

² 13 B Corps and pending B Corps in Portugal & Africa Lusofona (Mestrinho, 2017)

2. The B Corp Movement

„The B Corp movement is one of the most important of our lifetime, built on the simple fact that business impacts and serves more than just shareholders—it has an equal responsibility to the community and to the planet.“ (Rose Marcario, CEO of Patagonia)

This quote underlines that Certified B Corporations do not only try to be as profitable as possible, but rather consider it just as important to do something good for the community and the planet. A growing global movement of people using *business as a force for good* is happening, evoked by the increasing number of B Corps. In the following, this thesis will introduce to the B Corp Movement and its procedures in more detail as it is important to understand BE's approach to become a B Corp.

2.1 B Corporations

B Corporations³ (also called B Corps) are companies that have been certified by the non-profit organization B Lab, which serves a global movement of people using business as a *force for good*. Its vision is that companies redefine success in business by doing the best *for* the world, not *in* the world. More shared and durable prosperity would be the result of that. B Corps have to meet the highest standards of verified social and environmental performance, public transparency and legal accountability. They strive to use the power of markets to solve social and environmental problems.

The B Corp certification is to sustainable business what for instance Fair Trade certification⁴ is to coffee. However, the distinctive difference to the Fair Trade's approach is, that B Corp certification evaluates the *whole* company rather than looking at just one aspect of a company.

³ B stands for Beneficial (Honeyman, 2014)

⁴ Fairtrade = alternative approach to conventional trade based on a partnership between producers and traders, businesses and consumers. It is a strategy for poverty alleviation and sustainable development, with the goal of creating greater equity in the international trading system (Fairtrade, 2011).

This *big picture* which includes areas such as worker engagement, community involvement or environmental footprint is essential to distinguish between good companies and solely good marketing. While in the 20th century it was about maximizing stakeholder value, in the 21st century it is about maximizing *shared value* (Appendix 1).

Innovative corporate structures like the Benefit Corporation⁵ promote B Lab's mission of aligning interests of business with those of society and to help high impact businesses be built to last (B Lab, 2016). Supported by the *B Impact Assessment (BIA)*, businesses, investors, and institutions receive support in measuring what matters, with as much rigor as their profits.

2.2 Leading Boa Energia through the B Corp process

As outlined in the introduction, the main objective of this thesis is to lead BE on its path to reach the B Corp Certificate. BE started already in 2015 its first attempt to go through the process but failed due to the prioritization of its core business. Due to this bottleneck, the intention of this internship is to give it another start by leading the process and guiding BE through the BIA. Main contact persons are CEO Nuno Brito Jorge and financial director Bernardo Figueiredo from BE, Fabiana Pedroso de Araujo from the B Lab Staff and Lénia Mestrinho and Afonso Fontoura, Social Business Lab Coordinators at IES-Social Business School. At first, kick-off meetings were conducted with Nuno and Lénia for discussing the scope of the project. The second meeting was solely with Lénia (coordinator for B Corp in Portugal) who explained how to conduct the B Impact Assessment (BIA), the starting point to assess, compare and improve social and environmental performance. The majority of the meetings took place with Nuno.

⁵ Benefit Corporation = A new legal tool to create a solid foundation for long term mission alignment and value creation. It protects mission through capital raises and leadership changes, creates more flexibility when evaluating potential sale and liquidity options, and prepares businesses to lead a mission-driven life post-IPO.

The very first action is to create a free account on the B Corporation's website which then allows access to the BIA portal (Appendix 2). The BIA is a free and confidential online management tool that assesses BE's social and environmental performance on a 200-point scale and additionally compares BE's results to thousands of businesses. For becoming a Certified B Corporation, BE is required to score 80 points or higher. A lot of information to answer five sections in the BIA has to be gathered with the help of CEO Nuno. The five sections in the assessment questionnaire are called Workers, Community, Environment, Governance and Impact Business Models which get explained in more detail in the following.

The major areas of the *Workers* sections are compensation, benefits and training. Topics included here are for instance paying a living wage, offering health care benefits and professional development. Work environment for instance includes employee engagement, turnover and health and safety. Worker ownership includes profit sharing, stock options and employee ownership. Such topics matter to attract and retain the best talent and to encourage people to bring their "whole selves" to work every day (Honeyman, 2014). The *Community* section gets measured by the BIA in five areas. First, job creation which includes hiring locally and creating jobs for chronically underemployed populations. Second, diversity which includes having a diverse board of directors, management team, employee base and supply chain. Third, civic engagement and giving, tackling employee volunteerism and charitable donations. Fourth, local involvement which means for instance banking with an independent local financial institution and supporting local, minority-owned or women-owned businesses. Fifth, suppliers, distributors and producers, for instance increasing transparency by publicly disclosing the social and environmental performance of the supply chain. All these are important because they benefit the community and at the same time are sources for competitive advantage by retaining top talent, generate positive media attention and increase customer goodwill (Honeyman, 2014). The *Environment* section assesses BE in four areas.

First, land, office and plant, which includes increasing energy, water and waste efficiency, using renewable energy, encouraging employees to use alternative commuting options and improving building's indoor air quality. The second area concerns energy, water and materials which includes conducting a life cycle assessment of products. Third, emissions and waste, which includes starting a product reclamation program and monitoring greenhouse gas emissions. Finally, the fourth area relates to transport, distribution and suppliers which includes encouraging suppliers to enhance their environmental performance. In recent years, many of the 500 Fortune companies undertook a dramatic strategic shift towards environmental sustainability. For example, Coca-Cola is using plant-based bottles or McDonalds is serving Fair Trade coffee in many of its stores. Sustainability matters as it is a source of innovation and improving environmental performance can help attract top talent, create more durable relationships with suppliers and increase consumer trust (Honeyman, 2014). The *Governance* section includes questions concerning Mission and Engagement, Corporate Accountability, Transparency, Governance Metrics and Mission Locked. These areas matter to retain the values, culture, processes and high standards BE puts in place. Yvon Chouinard, founder from Patagonia, for instance says that he wants a company that will last for one hundred years and for this a good governance should be the foundation stone. Finally, the *Impact Business Models* attempts to capture specific sets of intentional business models designed to create social and/or environmental impact through a company's products or services, target customers, value chain, ownership or operations (Honeyman, 2014).

As soon as the rigorous process of going through all sections is finalized and reviewed by B Corp, additional documents are requested to be uploaded to verify some statements. These required documents include a spreadsheet detailing all contributions made to charitable organizations (Appendix 3); evidence that company's ownership is located locally to at least two-thirds of the company's workforce (Appendix 4); a list of BE's suppliers who are legally

registered and operating within the same national borders (Appendix 5); a list of BE's suppliers that are independent and located within Portugal's national borders (Appendix 6); a demonstration that BE's products or services provide or are powered by renewable energy or cleaner-burning energy than market alternatives (Appendix 7); an evidence of total wages (including bonuses) paid to non-executives in the most recent fiscal year and the fiscal year preceding it (Appendix 8); and finally a section of BE's employee handbook that provides evidence of the minimum number of total paid sick/personal/casual, holiday and vacation/privilege days off provided to all full-time employees (Appendix 9). With the help of Nuno all required documents were gathered together and after two weeks a three-hour review call was scheduled with Fabiana from the B Lab Staff who had many questions concerning all BIA areas. After the call, even more additional documents had to be uploaded and some doubts still called for clarification. Finally, the B Corp Declaration of Interdependence and Term Sheet could be signed and the fee of 250 Euro⁶ + VAT has been paid by BE.

3. Boa Energia – Business Model

The authors Alexander Osterwalder and Yves Pigneur designed the so-called *Business Model Canvas (BMC)* which is based on nine blocks, getting applied to BE in the following (starting-up, 2016). Appendix 10 shows briefly BE's company profile.

Customer Segments: The customers are both individuals and companies in Portugal who seek to use energy in a more efficient and environmental friendly way, ensuring higher return.

Value Proposition: Companies find BE's products and services compelling because by using their renewable energy solutions they generate faster and higher return through more efficient usage and at the same time they reduce their environmental footprint and show the world that

⁶ Until April 2017 companies in Portugal receive 50% discount from the 500 Euro payment fee (Mestrinho, 2017)

they care which will improve their reputation as well. Moreover, their solutions assure energy independence which protects from changing electricity market prices. For *proprietors*, the products they acquire make them safe money immediately and gives them energetic independency. *Installers* working with BE get financial support and the opportunity to grow their business and get access to new opportunities. *Investors* have the chance to invest in green projects that have a high probability of financial returns. Moreover, they create positive impact for the environment and society which gives them the feeling of creating “true” value. The *community* will also get value from renewable energies installed in their area as it reduces CO2 emissions and it also promotes the local economy.

Channels: BE’s products and services get mainly promoted via direct channels (internally owned) comprising *sales force* (consultancy service) and *web sales (online shop)*. If there is any interest in contributing with investment or renewable energy business ideas one can refer to BE’s network of three important platforms reachable on the following websites: *Citizenenergy.eu*, *Goparity.com*, *Coopernico.org*.

Customer Relationships: The personal consultancy service that BE offers to companies is essential for ensuring that the value proposition gets delivered. Hence, company visits are conducted for diagnosing thoroughly their energy situation, so a customized plan can be created. Subsequently, BE’s installers implement the customized solution on-site. Afterwards success will be monitored and thus the companies will stay in close and regular contact with the company. The interaction with the individual customer is primarily over the web, meaning that they purchase products in their online shop. As individual households are not profitable for BE, it is not feasible that they interact with them directly via home visits and personal consultancy offers. Therefore, individuals do not have a dedicated personal contact.

Revenue streams: The segment which generates most revenues are the companies who want to install BE's renewable energy solutions. Individual customers and the online shop only contribute to a very small amount of their revenues.

Key Activities: BE belongs to the first ones in Portugal who provide renewable energy solutions in the way they do. For companies the key activities comprise the observation of present energy usage, diagnosis of current situation, proposal of better and simple solutions that will ensure faster and higher return, implementation by installers and regular monitorization afterwards to measure success. Key activities for the individual customer are offering innovative and money-saving renewable energy products in their online shop on their website. These products are easy to install and usually do not require support from experts. However, individuals can benefit from a post-sale service if any problems arise.

Key Resources: The most important asset of BE is at first their young and dynamic team that comprises experts of different areas such as engineering, renewable energies or philosophy. This diversity of various specializations and interests contributes to BE's unique formula. Moreover, they maintain partnerships with the best fabricants, distributors and installers of the market which ensures high reliability. As important as the human resources are of course the intangible physical resources which are the actual renewable energy products that get installed in the buildings and that guarantee savings and energetic independency. High quality products are of upmost importance for BE to ensure that the desired outcomes are generated. BE belongs to the first ones who brought for instance the so called Fotovoltaicos "Do It Yourself" systems to the Portuguese market. Particularly unique is also its network to three innovative platforms in which BE invests– *citizenenergy*, *GoParity*, and *Coopérnico*. BE is the main promoter of *citizenenergy*, a European consortium financed by the Intelligent Energy Europe Program from the European Union. *Citizenenergy* is a platform whose principal objective is to

promote the investment and involvement of citizens in renewable energy projects on a European level, achieved primarily through crowdfunding and cooperatives (Citizenenergy, 2016). *GoParity* is the sustainable energy investment platform in which BE is currently mostly involved. This platform promotes most easy access to opportunities and to generated benefit division. By connecting the ones who highly value sustainability with investors and the best installers of the market, GoParity is forming a new economy that represents a new way of energy independency (GoParity, 2016). Finally, BE invests in *Coopérnico* which is a renewable energy cooperation founded by BE's CEO Nuno Brito Jorge. The cooperation's vision is to contribute with its renewable energy model to a social and sustainable energy future. Its mission contains involving citizens and companies in the creation of a renewable energy paradigm (Coopérnico, 2016).

Key Partnerships: BE maintains partnerships to national manufacturers who produce their products. Moreover, they maintain a close relationship to installers who install solutions in the companies.

Cost Structure: BE's main cost drivers are salaries, IT (e.g. software development for platform development) and Marketing.

4. Best Practices for Boa Energia to make a bigger positive difference

A questionnaire of 33 pages has been answered (Appendix 19) and BE can be proud of their score of 90 points in the BIA (Appendix 11). This thesis uses the BIA as a diagnosis, identifying BE's strengths and weaknesses. Particularly in the Environment section BE has significant positive impact, reaching a score of 44.2, highly above the median score of 7 (Appendix 12). This is especially due to their renewable energy solutions that already reduce

their environmental footprint more than companies who do not have a sustainable product or service.

Yet, the diagnostic demonstrates that particularly in the Governance, Workers and Community section there is a lot of room for leveraging more impact. Hence, it is significant that they exploit this potential to its maximum.

4.1 Internal Investigation - Practices derived from BIA

The following part of the improvement chapter derives best practices through an internal investigation by concentrating explicitly on the results of the BIA questionnaire, starting with recommendations for the Workers section and subsequently for the Community section.

Workers - Formal Goal-Setting: BE is already on a good path of having a formal consistent process for providing employee feedback by conducting internal surveys annually. However, they still do not formally set *individual goals* of each employee. In Stephen Covey's popular Management book "The 7 Habits of Highly Effective People" the second habit says "*Begin with the end in mind*". This means that you should not just choose a course, but a clear sense of where that course will lead you. Hence, it is crucial to decide what you are going to do and where it is going to take you.

All goals should align with those of the broader organization. Nevertheless, involving employees in setting their own goals should also be included as it will make them even more committed, motivated and involved. Thus, it is highly recommendable to write down these goals formally and revisit them on a regular basis (every six months or once a year). When setting proper goals, BE should keep the following in mind: *Goals must align with the organization's mission and strategy; they must be clear and easy to understand; they must be accepted and recognized as important by everyone who should implement them; progress*

towards goals must be measurable; goals must be framed in time, with clear beginning and ending points; They should be supported by rewards; they should be challenging, but achievable (The Wall Street Journal, 2016).

The book “Goal Concepts in Personality and Social Psychology” highlights the importance of goal-setting and introduces a conceptual model that is influenced by existing research. The model in Appendix 13 summarizes goal-setting as the dominant theory of work motivation and dynamic and evolving paradigm and it can be helpful for BE to have a look at this model before starting to formulize the goal-setting approach (Pervin, 2015).

Workers - Extend Employee Handbook: No matter the size of the company, it is crucial to make sure that all employees are on the same page. This allows to determine the internal rules of the company and saves training time when a new employee is hired. BE is aware of that and has a written an employee handbook to which all workers have access to. However, BE should add the following topics in their handbook: *Non-discrimination statement; an anti-harassment policy; grievance resolution; disciplinary procedures and possible sanctions; statement regarding workers' right to bargain collectively and freedom of association; and prohibition of child labor and forced/compulsory labor* (NFIB Legal Foundation, 2016).

Workers - Financial Reporting about Charity Donations: BE is very transparent in terms of sharing all its financial statements with their employees. However, they did not document any information about all the charity donations they do. Thus, a list has been created that relates to the last fiscal year and shows all the names of charity organisations BE donated to, the amount and the percentage it makes up of the total revenue (Appendix 2). They should do such a list on an annual basis as it would give BE’s employees a sense of ownership and commitment and will make them stand even more behind the company they work for.

Community - Create Suppliers List: End consumers are increasingly concerned with the authenticity and the ethics of the products they buy. Therefore, BE should ensure more transparency by publishing lists about their supply chains on an annual basis. Having this in mind, two supplier lists have been created, representing all names of the independent and dependent suppliers of the last fiscal year (2015), the items BE bought from them and their addresses. By letting everyone being able to access this list, BE has opened up their supply chains and offer greater transparency into where the products actually come from. These lists prove that most suppliers are located nationally which indicates that BE supports local jobs and businesses in Portugal.

Community - Create Supplier Code of Conduct: BE has not yet developed a supplier's code of conduct in which standards and policies for the company's current and future vendors, suppliers, contractors, consultants, agents and other providers of goods and services ("Suppliers") are written down. They do not have a formal supplier monitoring and evaluation process nor are their significant suppliers evaluated based on the company's own criteria. Therefore, BE should formulate standards to which suppliers must adhere when conducting business. Generally, the common components used in a suppliers' code are Labor Standards and Practice (e.g. Child labor, health and safety, freedom of association), Environmental Policy (e.g. use of materials and product), Documentation and Review Policy (how the code will be monitored).

Developing Supplier Code of Conduct: BE should develop a suppliers' code of conduct by adhering to the following steps:

1. BE should assess supply chain risks: *Where manufactured products are sourced; reputation of regions considering environmental and human rights enforcement; if products are*

manufactured that use toxic chemicals; if methods being used to produce products conflict with the stated social or environmental objectives of BE

2. BE should consult with its suppliers and other companies in its industry about their supplier codes: *Suppliers are already working with other customers who have a supplier code of conduct?; BE may adapt similar policies to facilitate implementation of the code; ask suppliers if they source locally; ask suppliers for copies of their environmental and social policies; ensure that they meet our broad based social screens; actively seek to recruit women- and minority-owned businesses into our supplier mix when possible.*
3. BE should create its own Supplier Code of Conduct based on findings on industry standards.

BE could significantly benefit from the support of the *Fair Labor Association (FLA)* which is a non-profit collaborative effort that brings together three key constituencies - universities, civil society organizations (CSOs) and companies – to find sustainable solutions to systematic labour issues. The FLA exists since 1999 and already helped millions of workers around the world by developing lasting solutions to abusive labour practices. They do this by providing tools and resources to companies, conducting due diligence through independent assessments, delivering training to factory workers and management and defending for greater accountability and transparency from companies, manufacturers, factories and others involved in global supply chains. For joining the FLA, BE has to commit to uphold the FLA Workplace Code of Conduct which is based on International Labour Organization standards (Appendix 14). Moreover, it should commit to build internal systems that help to monitor workplace conditions and maintain code standards throughout its supply chains. Factories used by BE will be visited by the FLA that then conducts independent and unannounced audits to evaluate compliance of all code elements (Appendix 15). BE can gather all necessary information about how to join the FLA on the association's website.

Implementing Supplier Code of Conduct: After developing a suppliers' code of conduct with the support of the FLA, BE should proceed by implementing it. The willingness to implement it certainly depends on the degree to which BE consulted their suppliers during the development of their Supplier Code of Conduct, the volume of products that they order from their supplier, and the demands of their supplier's other customers in this area.

Monitoring Supplier Code of Conduct: As soon as the suppliers code of conduct has been developed and implemented, BE's suppliers should be monitored/screened regularly. It is recommendable that BE let an internal team do regular site visits to ensure that suppliers comply with FLA's code elements, so they avoid discrepancies with independent assessors that schedule random visits.

To sum up, even though most factories audited by the FLA are in the apparel sector (75%), it is recommendable for BE to create the Fair Labour Association Workplace Code of Conduct. By adhering to it, BE would exhibit a genuine commitment to social responsibility and ethical business practices throughout its whole corporate supply chain. Especially a company that sells "green" renewable energy products that are generally more demanded by ethical consumers will gain more consumer trust and therefore a better reputational image (FLA, 2016).

Community - Worker Training including Diversity Issues: BE does not provide any specific worker training to underrepresented groups that are concerned with gender inclusiveness, minorities, LGBT communities (Lesbian, gay, bisexual, transgender) or individuals with disabilities. Little effort could bring BE additional points for the community part of the BIA. A best practice could be to participate at least once per year in workshops that teach about equal opportunities hold by the *International Labour Organisation* in Portugal. To find workshops, BE can just contact the *Comissão para a Cidadania e a*

Igualdade de Género or get information on their website about which workshops they have throughout the year (ciG, 2016).

Another possibility for BE is to arrange a workshop with ILGA Portugal. ILGA Portugal is the largest and oldest NGO in Portugal striving for equality and working against discrimination based on sexual orientation and gender identity (ILGA, 2016). When contacting them, BE can mention that they heard about the opportunity of having a workshop with them from the Social Business School IES in Cascais who arranged it with ILGA Portugal's project manager Gonalo Aguiar⁷.

Community - Giving full-time employees 20 hours or more a year of paid time off to do volunteer service: Research shows that employee empowerment is key to get a full return on community involvement. By giving employees the opportunity to guide charitable efforts, companies create high levels of commitment and pride among their teams (Fortune, 2016). Research by the *Chartered Institute of Personnel and Development* shows that voluntary work contributes positively to teamwork and communication abilities as well as to the understanding of the local community (Calnan, 2015). Thus, BE should give their employees at least two days of paid time off annually to give them the opportunity of doing voluntary work. This would not only lead to positive impact on the community, but also generate deeper commitment and connection to the work itself. There is a huge number of NGOs located in Lisbon which all would highly appreciate support. One example of a voluntary action would be to support the *NGO Comunidade Vida e Paz* by distributing food at night to the homeless people of Lisbon.

The before mentioned recommendations are just some options among various that will help BE leverage to the next level of sustainability. Due to limited space this internal investigation limits its recommendations to Workers and Community, the sections where BE has a weaker

⁷ Contact ILGA Portugal: ilga-portugal@ilga.org

performance. Appendix 16, Table 1 provides an overview of these beforementioned practices, containing the respective question of the BIA, what is currently checked, what can be checked after implementation, difficulty of implementation, and status of implementation.

4.2 External Investigation - Best practices derived from benchmarking

As already mentioned in chapter 2.2, the benchmarking report, provided by B Corp, is made up of 2,533 businesses that have completed the full BIA, including the ones that have not yet attained the B Corp Certification. The report demonstrates that BE has 42 above average responses, 9 average responses, and 48 below average responses (Appendix 10).

While the previous chapter elaborated best practices that are specifically directed to the Workers and Community sections of the BIA, the following chapter will derive best practices for the same sections including Governance from benchmarking. The convergence of the benchmarked companies is that they are all similar to the structure of BE in the sense that each sells renewable energy solutions, is a SME⁸ with 1 – 9 employees, and a B Corp as well.

4.2.1 Clean Yield Asset Management (see Appendix 17 for company information)

Best Practice Community - Periodic Public Forums: Clean Yield sponsors periodic public forums on issues of civic interest. An example for such a panel would be their 2011 panel on the Citizens United Supreme Court decision in Montpelier, addressing corporate personhood and the citizens united decision. BE could gain attention by doing event marketing through organizing yearly panels. With little effort and costs, BE could introduce public forums that concern renewable energies or sustainability in general. A lot of people, particularly in Portugal are not so familiar with the renewable energy sector and thus, BE's professionals

⁸ SME = Small Medium Enterprise

may conduct for instance “learning events” that teach knowledge, skills and understanding of renewable energies that might benefit their client base.

Best Practice Community & Worker - Charitable Giving: At Clean Yield each employee is given \$500 to donate to the charity of their choice. At present, BE just donates by giving away solar panels. For 25 sold solar panels, they offer one to a social organisation. Donating a specific percentage to charities annually is not feasible yet. However, already the smallest contribution has a positive impact. Therefore, by giving each employee a small amount of for instance 50 -100 € annually to donate to the organization of their personal interest would not only help the community, but also boost engagement of the employees. Millennials who frequently participate in workplace volunteer activities are nearly twice as likely to be very satisfied with the progression of their career, according to the 2011 Deloitte Volunteer IMPACT Survey (Jacoby, 2015).

Best Practice Workers - Health and Benefits Package: The strong health and benefits package made Clean Yield gain the honour “Best for Workers” from B Corp in 2015 and “Best for the World” in 2016 which could be a good role model for BE. As soon as BE has greater liquidity, they should invest more in their healthcare package as healthcare insurance is currently only offered to their managers. According to the 2016 Healthcare Benefits Trends Benchmark Study conducted by hti (Healthcare Trends Insitute), 78 percent of employers feel health benefits are most important for retaining and attracting employees. Moreover, 72 percent have the opinion that health benefit offerings can improve morale and satisfaction (hti, 2016). Hence, BE should put effort in including benefits such as life insurance, financial services, private dental insurance and private supplemental health insurance in their package. It has to be noted that many health benefits Clean Yield has are not implementable for BE as Portugal’s policies differ from the United States.

4.2.2 Bullfrog Power (See Appendix 17 for company information)

Best Practice Governance - Transparent Annual Report: Bullfrog Power produces annual external report detailing mission-related performance, an action that BE could also overtake. Just as sharing department finances with teams on a routine basis can build employee trust, sharing mission-related performance with the public can build consumer and local community trust. For showing that BE is making progress towards its mission, it should clearly describe its mission-related activities in its report. To do so, it is crucial that BE sets consistent variables of measurement, which allow comparisons to previous years or other companies. Moreover, it should take care of getting regular feedback from its stakeholder groups as it would help to determine which information to use (Honeyman, 2014).

Best Practice Workers - External Professional Development: 50% of Bullfrog's employees participate in external professional development. For attracting and retaining skilled labour, BE should ensure continuous learning for its employees. New technologies or policies for instance are changing rapidly and by giving the appropriate training, employees' skills can grow along with it. Due to the small number of employees, BE could easily conduct in-person interviews to learn what training will be of greatest benefit to staff members.

Best Practice Environment/Customer - Building "Boa Energia Community": Calling attention is important for impelling people to use the company's solutions. Even though such activities are related to marketing, one can say that they are beneficial for the environment as well as Bullfrog gives Canadians the choice to support renewable energy and reduce their homes carbon footprint. Hence, the more they raise its customer base using their solutions, the better the impact on the environment. In the following actions that BE could overtake from Bullfrog get suggested.

Bullfrog has established the so called “bullfrog community” which contains various tools that make the company even more attractive. BE could also create a “BE community” and take over the following tools from the bullfrog community. First, BE could develop a “green index” on their website that gives the opportunity to find organizations across Portugal choosing 100% green energy. Second, the “Bullfrog Spotlight” tool represents well-known Canadians that joined the community and it can be very advantageous for BE to develop after the same concept a “BE Spotlight” tool. For turning this into reality they should try to sell their solutions to well-known or interesting Portuguese people. Third, BE should try to build “BE powered nonprofits” as it would be very well received if BE is able to sell their solutions to well-known non-profits such as the WWF who will further recommend BE. Finally, BE could include a “Green Directory” serving as a resource to find and support businesses and organizations in a specific area that are making the choice to support renewable energy in Portugal with BE.

4.2.3 PV Squared (See Appendix 17 for company information)

Best Practices Community - Engaging in University Competitions: PV Squared donates solar panels to educational institutions such as colleges and universities in their region. By doing this, they support them in saving electricity and having a positive impact on the environment. After benchmarking this, the idea came up that BE should somehow establish relations to universities as well. Not necessarily through donations, but for instance through engaging in university competitions such as the *Solar Decathlon Europe (SDE)*. The SDE is an international competition among universities promoting the research in the development of efficient houses and challenges the participating teams to design and build houses powered exclusively by the sun. It was born out of a bilateral agreement between the American and the Spanish governments, after the participation of the Universidad Politécnica de Madrid in previous editions held in Washington DC. In Europe, the first competition took place in June

2010 in Madrid and the last 2014 in Versailles. Each competition endures for two years. In 2012, architecture students from the University of Porto in Portugal participated and profiled the Casa em Movimento, clad in a suit of photovoltaic panels that track the sun as it makes its way across the sky each day, producing far more energy than it actually needs (Appendix 18). BE should gather information about when the next competition is taking place and put effort in becoming a collaborator by providing technical support for the Portuguese team. Being a collaborator in this globally recognised solar competition, BE would not only have positive impact on the university community and on the environment, but may also attract young talents and more attention in the renewable industry in general. Moreover, engaging in such activities could also bring more dynamics and diversity within the workers of BE (SD Europe, 2014).

The aim of the previous benchmark was to gather practices that BE could implement to ensure continuous improvement in terms of positive impact for the future. However, it has to be taken into consideration that only three companies got selected due to the space constraints of this thesis. For the same reason, the convergences of these companies with BE could also not be demonstrated. An overview of the best practices derived by this benchmark is provided in Appendix 16, Table 2, with respective descriptions of the practice, difficulty of implementation and implementation status. The best practices part is now concluded and in the following, personal learnings/impressions of the whole path of BE becoming a B Corp will be revealed.

5. Perceptions of the Process

At first sight it seems like a quick and easy process. However, after assisting BE in this path of becoming a B Corp, it can be confirmed that it is a time-consuming and rigorous process

which requires someone who is directly responsible in supervising it. Continuous communication with important people such as CEOs is crucial.

In BE's case CEO Nuno Brito Jorge and CFO Bernardo Figueiredo made up the core project team. The student has to put effort into motivating the core project team and to always keep reminding them on assembling necessary documents on time. After BE submitted the questionnaire and the three-hours review call with B Corp was scheduled, it was asked to upload additional documents at least 48 hours before the call. Depending on what is requested, it may take far more time to collect all documents than one may think. Hence, for future students it is highly recommendable to start collecting the documents immediately after they receive the information about what is required. If this is not done at least 48 hours before the review call, it can happen that the call is rescheduled only weeks later. Therefore, the student should prepare a strict timeline.

By leading the path of becoming a B Corp, the student gets the opportunity to get familiar with the whole organizational structure/culture of the company and learns that if the company is willing to there is always a way of leveraging towards more sustainability.

Another point is that by accompanying the process and doing the benchmark, it was noticeable that if the company's product itself is sustainable (e.g. renewable energies, organic body care or socially responsible investing), the tendency to receive a score above 80 is easier than for companies who do not have a sustainable product.

Leading the B Corp process certainly has limitations as well. As this thesis must be kept short, it is not feasible for the student to develop an extended strategy that includes all possible best practices the company could do to achieve the maximum score possible. The same applies to the benchmark. A thorough analysis of all renewable energy SMEs that are on the B Corp Best for the World' list, meaning they earned an overall score in the top 10% of all Certified

B Corps, has been conducted. However, only three of the benchmarked companies can be mentioned in this thesis. Additionally, solely best practices that may be an option for BE to implement in the future could be pointed out, but not the convergences they have with BE. Hence, the benchmark here is hold very brief.

In BE's case the whole process was flowing well, however students run into the risk that the company for which they lead the process might not be as reliable. If the company does not provide the necessary information on time, there may not be any outcome within the timeframe of the thesis and thus the student's objective would not be reached.

6. Conclusion

The purpose of this thesis was to document the internship at the renewable energy company BE, seeking to gain the B Corp Certification and giving appropriate recommendations for leveraging BE towards the next level of sustainability. Research that has been conducted during the internship shows that it is possible to be profitable and, at the same time, create benefits for the society and environment. Younger generations are attracted to employers who emphasize community engagement and social impact, regardless of whether that means working for a nonprofit, a for-profit or something in-between.

After completing the rigorous process of the BIA questionnaire, as well as handing in additional documents, and conducting the review call, BE scored with the positive result of 90 points. This indicates their social and environmental performance is impactful enough to receive the certificate and to be recognized as a B Corp. Thanks to the BIA diagnostic, BE's outcome could be clearly measured as they reached a score above 80 points. Therefore, since 21st December 2016 BE has the honour to be officially called as a B Corp and thus the thesis' objective of successfully leading BE's path of becoming a B Corp is achieved.

Even though BE's positive score of 90 points does not call for urgent implementation of best practices, it is important to keep in mind that this does not grant the B-Corp status for life. Every Certified B Company has to re-certificate after two years and the objective is that the results should be better than the previous evaluation. Hence, in order to provide incentive to BE to generate a continuous improvement and reach a higher level of sustainability, this thesis gave some recommendations for best practices, particularly in the Workers (16.8 pts), Community (22.9 pts) and Governance (6.1 pts) sections where the BIA diagnostic shows that BE still has a lot of room for improvement. The Environmental impact has been left out as their score of 44.2 pts implies already an outstanding performance in this area. The best practices in this thesis are derived from an internal investigation through the BIA diagnostic and an external investigation through benchmarking other renewable companies. The best practices are described in a brief manner, understandable for every CEO, and thus this thesis can be used as a road map for guiding BE through the path of achieving more impact and as a tool for implementing new socially and environmentally responsible business practices. It should be noted that the implementation of even one small best practice would already leverage BE towards the next level of sustainability. It is not important where they start but to take the next step(s). Thus, the implementation of the practices suggested in this thesis would be a good kick-off. When comparing the different scores with other companies, it can be derived that even BE with its 90 points and its small company size can certainly get to the top 10% as well, if it ambitiously strives for ensuring continuous improvement in sustainability patterns in the future. The renewable energy SME Clean Yield, listed under the top B Corps, is a good example for this.

Writing the Master Thesis by documenting a company's path in becoming a B Corp has its limitations as well. Due to space constraints, it is not realizable to go very deep into the company's diagnostic and to consider all the sections of the BIA in detail. Neither a thorough

benchmark was feasible and thus only three companies have been presented in this thesis and convergences of BE with those companies could not be pointed out. Another limitation is that future students will always have to take the risk of leading the B Corp path for a company that may not be as reliable in terms of communication which may delay the certification process and go beyond the timeframe of the thesis.

However, overall it can be recommended to do this work project, especially for students who take the major in Social Enterprise in their studies. The Social Enterprise major should certainly include the B Corp Movement in its study content. Not only because it can be a potential work project for the thesis later on, but also because students learn that everyone is able to generate positive impact, and get aware of the fact that sustainability defines nowadays an integral part of companies' key business strategies.

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